BELA BELA LOCAL MUNICIPALITY

DRAFT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 31, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 18 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

N S BAMBO
MUNICIPAL MANAGER **DATE**

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BELA BELA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		**79 787 397**	**71 086 485**
Government Grant Reserve		-	23 299 487
Capital Replacement Reserve		-	9 005 289
Accumulated surplus		79 787 397	38 781 708
Non-current liabilities		**14 365 530**	**15 496 162**
Long-Term Liabilities	2	14 365 530	15 496 162
Current liabilities		**30 191 451**	**30 388 194**
Provisions	3	701 832	425 180
Consumer deposits	4	2 583 560	2 382 911
Trade and other payables	5	23 370 795	13 909 521
Unspent conditional grants and receipts	6	1 954 196	7 792 480
Bank overdraft	13	408 715	4 478 105
Current portion of Long-Term Liabilities	2	1 172 353	1 399 997
TOTAL NET ASSETS AND LIABILITIES		**124 344 378**	**116 970 841**
ASSETS			
Non-current assets		**105 578 320**	**94 256 500**
Property, plant and equipment	7	105 571 707	94 249 887
Loans and receivables	8	6 613	6 613
Current assets		**18 766 058**	**22 714 341**
Inventory	9	160 371	347 697
Consumer debtors	10	13 289 173	14 279 059
Other debtors	11	3 155 929	747 656
Call Investment deposits	12	2 157 009	7 337 669
Bank balance and cash	13	3 576	2 260
TOTAL ASSETS		**124 344 379**	**116 970 841**

BELA BELA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	Restated Balances as at 2008 R
REVENUE			
Property rates	14	27 788 584	16 607 288
Property rates - penalties imposed and collection charges		222 638	4 331.9
Service charges	15	53 327 578	40 870 369
Rental of facilities and equipment	32	-154 121	1 000 346
Interest earned - external investments		456 009	2 205 247
Interest earned - outstanding debtors		6 078 437	4 638 743
Fines		811 050	320 087
Licences and permits		8 828 335	3 105 257
Government grants and subsidies	16	35 964 213	25 462 411
Other income		4 226 654	4 836 725
Public contributions and donations		-	-
Total Revenue		**137 549 376**	**99 050 805**
EXPENDITURE			
Employee related costs	17	38 613 988	34 945 721
Remuneration of councillors	18	3 683 345	3 283 493
Bad debts	10	18 551 235	-2 144 976
Collection costs			
Depreciation		6 064 783	6 116 176
Repairs & Maintenance		5 218 040	4 017 996
Interest paid	19	1 852 583	1 462 429
Bulk purchases	20	24 277 661	20 392 341
General expenses	21	22 310 456	20 341 774
Leave provision		-	-
Total Expenditure		**120 572 091**	**88 414 954**
SURPLUS/(DEFICIT) FOR THE YEAR		**16 977 285**	**10 635 851**

Refer to Appendix E(1) for the comparison with the approved budget

BELA BELA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

BELA BELA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

		Government Grant Reserve	Capital Replacement Reserve	Accumulated Surplus	
		R	R	R	
2008					
Balance at 1 July 2007		20 429 765	631 000	36 744 941	
Implementation of GAMAP (note 21)					
Correction of prior period error	32			8 218 896	
Restated balance		20 429 765	631 000	44 963 837	
Net deficit for the year				2 416 955	
Adjustments				2 644 928	
Transfer to CRR			8 374 289	(8 374 289)	
Capital external loans used to purchase PPE					
Capital grants used to purchase PPE		4 327 370		(4 327 370)	
Donated/contributed PPE		(1 457 648)		1 457 648	
Offsetting of Depreciation				-	
Balance at 30 June 2008		**23 299 487**	**9 005 289**	**38 781 708**	
Balance as reported previously		**23 299 487**	**9 005 289**	**30 562 812**	
Amounts restated					
Restated balance at 30 June 2008		**23 299 487**	**9 005 289**	**38 781 708**	
Transfer adjustments					
Net surplus(deficit) for the year				16 977 285	
- Less restated in the previous year				(8 218 896)	
Disposal of assets				(57 477)	
Transfer to CRR			2 499 671	(2 499 671)	
Transfer to CRR			(11 504 960)	11 504 960	
Capital grants used to purchase PPE		9 195 000		(9 195 000)	
Capital grants used to purchase PPE		(29 614 714)		29 614 714	
Offsetting of Depreciation		(2 879 773)		2 879 773	
Balance at 30 June 2009		**-**	**-**	**79 787 397**	

BELA BELA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

BELA BELA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2 009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		136 130 989	95 812 524
Cash paid to suppliers and employees		(90 512 034)	(98 052 071)
Cash generated from operations	23	21 229 435	(2 239 547)
Interest received		6 534 446	6 843 990
Interest paid		(1 852 583)	(1 462 429)
NET CASH FROM OPERATING ACTIVITIES		**25 911 298**	**3 142 014**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17 444 081)	(17 419 321)
Disposals of property plant & equipment		57 477	
Investments redeemed / (made)		5 180 660	7 158 015
NET CASH FROM INVESTING ACTIVITIES		**(12 205 944)**	**(10 261 306)**
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		-	1 000 000
Loans redeemed		(1 358 276)	(1 353 849)
NET CASH FROM FINANCING ACTIVITIES		**(1 358 276)**	**(353 849)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**12 347 078**	**(7 473 141)**
Cash and cash equivalents at the beginning of the year		2 260	9 669 417
Cash and cash equivalents at the end of the year	13	(405 139)	2 260

BELA BELA MUNICIPALITY

ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (NOTE 1)

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENTY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006
GRAP 18 Segment Reporting - issued March 2005
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009
IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
Other
Other

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION (Subject to Directive 4)

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plan and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS) (Subjected to Directive)

Subsequent to initial recognition, land and buildings are carried at a revalue amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of tha

2.3 SUBEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets . Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		**Other**	
Roads and Paving	10	Buildings	30
Pedestrian Malls	10	Specialist vehicles	10
Electricity	20	Other vehicles	5
Water	20	Office equipment	7
Sewerage	20	Furniture and fittings	7
Community		Bins and containers	5
Buildings	30	Specialised plant and equipment	5
Recreational Facilities	30	Other items of plant and equipment	7
Security	5	Landfill sites	5
Halls	30	Quarries	5
Libraries	30	Emergency equipment	5
Parks and gardens		Computer equipment	5
Other assets			
Finance lease assets			
Office equipment	5		
Other assets	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property	30

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 BIOLOGICAL ASSETS

5.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:
- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

5.2 SUBSEQUENT MEASUREMENT

N0 Biological assets exist.

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

8.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

9 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the
(b) The municipality has raised a valid expectation in those affected that it will carry out the
restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

17 RETIREMENT BENEFITS

The municipality provides retirement benefits for its continued employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The municipality contribute to wards employees and councillors pension funds Their member Share in the Fund at any time is equal to –
(a) the member transfer credit, with investment returns earned, plus
(b) the contributions for retirement benefits, with investment returns earned, plus
(c) any additional voluntary contributions, with investment returns earned.

18 CONSTRUCTION CONTRACTS AND RECEIVABLES

are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by [*the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work*] .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

19 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

		2 009	2 008
		R	R
2	**LONG-TERMLIABILITIES**		
	Annuity loans	15 408 322	16 320 005
	Other loans	129 562	576 154
	(Refer to appendix A-31)	**15 537 883**	**16 896 159**
	Less: current portion transferred to current liabilities	(1 172 353)	(1 399 997)
	Annuity loans	(1 042 791)	(912 622)
	Other loans	(129 562)	(487 375)
	Total Long-term liabilities	**14 365 530**	**15 496 162**

Refer to Appendix A for more detail on long-term liabilities

3	**PROVISIONS - CURRENT**		
	Performance Bonus	701 832	425 180
	Staff Leave	-	
	Total Provisions	**701 832**	**425 180**

	Performance Bonus	Staff Leave
30 June 2008		
The movement is reconciled as follows:		
Balance at beginning of year	425 180	2 518 385
Provision not utilised	-	-
Transferred to accruals	(615 178)	(2 518 385)
Contributions to provision	891 830	-
Expenditure incurred	-	-
Balance at year end	**701 832**	**-**

Performance bonuses are paid one year in arrears as the assessment of eligible employees has not taken place at the reporting date and no present obligations exist.

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total number of leave days due to employees at year end and also on the total remuneration package of the employee.

4	**CONSUMER DEPOSITS**		
	Electricity and water	**2 583 560**	**2 382 911**
	Guarantees held in lieu of consumer deposits	**447 275**	**447 275**

		2 009	2 008
		R	R
5	**TRADE AND OTHER PAYABLES**		
	Trade creditors	7 494 920	-
	Debtors In advance	3 185 128	3 126 996
	Other creditors	7 783 985	8 002 711
	Prior year adjustment	566 522	
	Prior year adjustment VAT	1 460 291	
	Retention	42 050	42 050
	Tender guaranties	274 439	219 380
	Acruals Leave	2 563 461	2 518 385
		23 370 795	**13 909 521**

VAT is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS.

6	**UNSPENT CONDITIONAL GRANTS AND RECEIPTS**		
	Conditional Grants from other spheres of Government		
	Municipal Systems Improvement Grants	424 391	759 170
	Revenue Enhancement grant	561 044	561 044
	Community based grant	-	921 087
	Radium Hydroponic grant	-	37 964
	Vuna Awards	-	328 516
	DME grant	1 000 000	-
	Cattle pound grant	364 300	364 300
	INEP	-	125 064
	Project management grant	566 989	566 989
	Housing Project	805 973	4 742 501
	DWAF grant	365 000	
	Conditional Grants and Receipts	**4 087 697**	**8 406 635**
	Grants in debit. Expenditure incurred but not received.		
	Finance Management grant	(302 191)	(478 348)
	Municipal Infrastructure Grant	(1 831 310)	(135 807)
		(2 133 501)	**(614 155)**
	Total Conditional Grants and Receipts	**1 954 196**	**7 792 480**

See note 16 for reconciliation of grants from other spheres of government.

7	**PROPERTY PLANT & EQUIPMENT**		
	PPE	**105 571 707**	**94 249 887**
8	**LOANS AND RECEIVABLES**		
	Eskom deposit	**6 613**	**6 613**
9	**INVENTORY**		
	Consumable stores - at cost	160 371	347 697
		160 371	**347 697**

		2 009	2 008	
		R	R	
10	**CONSUMER DEBTORS**			
		Gross Balances	**Provision for bad debts**	**Debtors In Advance**	**Net Balances**
	As at 30 June 2009				
	Service debtors	**49 897 330**	**38 127 279**	**2 978 289**	**13 144 033**
	Rates	26 774 943	20 165 347	1 696 359	4 913 237
	Water	10 469 320	6 056 851	647 446	3 765 023
	Electricity	6 603 559	3 672 348	516 213	2 414 997
	Sewerage	4 849 814	3 851 231	107 719	890 863
	Refuse	5 551 964	4 381 501	10 551	1 159 912
	Other (specify)	9 858 660	9 506 680	206 839	145 140
	Total	**64 108 260**	**47 633 959**	**3 185 128**	**13 289 173**
	As at 30 June 2008				
	Service debtors	**28 464 303**	**23 234 443**	**2 882 121**	**8 111 981**
	Rates	13 758 132	11 556 831	1 162 598	3 363 899
	Water	6 723 755	4 979 714	670 262	2 414 303
	Electricity	3 914 409	1 059 032	804 252	3 659 628
	Sewerage	3 096 839	2 601 345	229 488	724 982
	Refuse	3 616 096	3 037 521	15 521	594 096
	Other (specify)	9 125 555	5 848 281	244 875	3 522 150
	Total	**40 234 787**	**29 082 724**	**3 126 996**	**14 279 059**

10	**CONSUMER DEBTORS (CONTINUED)**		
	Rates: Ageing		
	Current (0 - 30 days)	4 006 375	1 352 799
	31 - 60 Days	1 521 416	1 277 843
	61 - 90 Days	1 081 805	1 042 228
	91- 120 Days	925 716	586 596
	+ 120 Days	19 239 631	9 498 666
	Total	**26 774 943**	**13 758 132**
	(Water, electricity and sewerage): Ageing		
	Current (0 - 30 days)	6 484 454	5 343 472
	31 - 60 Days	1 045 753	1 096 068
	61 - 90 Days	812 054	1 122 005
	91- 120 Days	586 875	531 467
	+ 120 Days	12 993 557	5 641 991
	Total	**21 922 693**	**13 735 003**
	Refuse and Other: Ageing		
	Current (0 - 30 days)	820 433	671 009
	31 - 60 Days	399 776	362 757
	61 - 90 Days	302 235	380 712
	91- 120 Days	241 404	299 378
	+ 120 Days	13 646 777	11 027 795
	Total	**15 410 625**	**12 741 651**

Segmentation for 2009	**Government**	**Business**	**House Hold**	**Other**
Current (0 - 30 days)	200 348	4 863 001	3 861 387	5 646 665
31 - 60 Days	23 060	1 396 465	284 087	1 707 158
61 - 90 Days	11 903	815 254	468 833	1 800 358
+ 91 Days	275 936	5 195 741	4 881 538	29 491 397
Total	**511 247**	**12 270 461**	**6 909 899**	**38 645 579**

		2 009	2 008	
		R	R	
Segmentation for 2008	**Government**	**Business**	**House Hold**	**Other**
Current (0 - 30 days)	38 837	986 331	3 959 021	1 942 303
31 - 60 Days	29 044	726 942	795 562	1 206 046
61 - 90 Days	10 821	522 392	609 585	1 083 334
+ 91 Days	101 468	1 599 426	6 025 075	20 598 600
Total	**180 170**	**3 835 091**	**11 389 243**	**24 830 283**

Reconciliation of bad debt provision		
Balance at beginning of year	29 082 724	38 049 464
Bad debt Provision for year	18 551 235	(2 144 976)
Bad debts written off against provision		(6 821 764)
Balance at year end	**47 633 959**	**29 082 724**

11 OTHER DEBTORS

Vat	1 103 247	320 245
WDM fire fighting	61 370	61 370
Sundry debtors	17 730	17 730
Other	1 973 582	348 311
	3 155 929	**747 656**

12 INVESTMENTS

Opening Balance	7 337 669	14 495 684
Nett Movement	(5 180 660)	(7 158 015)
Fixed deposits	**2 157 009**	**7 337 669**

Amount of R800 000 is held as security to Magalies Water.

13 BANK, CASH AND OVERDRAFT BALANCES

The municipality has the following bank account:

Current Account (Primary Bank Account)

ABSA Bank - Bela Bela branch
Account number: 1330000062

Cash book balance at beginning of year	(4 478 105)	(4 917 137)
Cash book balance at end of year	(408 715)	(4 478 105)
Payments not processed by bank and transferred to payables	-	-
Net affect of receivables on cash suspense account	-	
	(408 715)	**(4 478 105)**
Bank statement balance at beginning of year	(9 669 141)	(9 669 141)
Bank statement balance at end of year	**419 525**	**(9 669 141)**
Petty cash	**3 576**	**2 260**

		2 009	2 008
		R	R
14	**PROPERTY RATES**		
	Total assessment rates	27 788 584	16 607 288
	Valuations as per system		
	Land / Market Value	3 161 093 123	3 161 093 123
	Improvements		
	Total property valuations	**3 161 093 123**	**3 161 093 123**

Valuations on land and building are performed every four years. The last valuation came into effect on 1 July 2007. Interim valuations are processed on a regular basis to take into account changes in individual property values due to subdivisions and alterations. A rate of R0.0095 (2008: R0.090) is applied to land and improvement valuations to determine assessment rates. Rebates of 20% is granted to residential property owners. An additional rebate of 30% is granted to pensioners and medically unfit owners. An additional rebate of 30% was granted to privately developed townships. A rebate of 60% is granted on agricultural properties used for residential and/or farming purposes. Interest at 18% per annum is levied on outstanding rates.

Valuations as per roll	**Roll**	**Supplementary**	**Total**
Bela Bela	1 360 268 247	209 398 900	1 569 667 147
Sectional Titles	777 406 000	143 508 000	920 914 000
Farms	2 845 350 200	91 295 240	2 936 645 440
	4 983 024 447	444 202 140	5 427 226 587

15	**SERVICE CHARGES**		
	Sale of electricity	34 837 342	27 798 730
	Sale of water	8 785 579	9 113 174
	Refuse removal	5 181 750	3 963 862
	Sewerage and sanitation charges	4 522 908	3 736 881
	Total Service Charges	**53 327 578**	**44 612 647**

Provision for accruals made on 2008 electricity and water income added to appropriation account.

		2 009	2 008
		R	R
16	**GOVERNMENT GRANTS AND SUBSIDIES RECEIVED**		
	Equitable share	22 469 792	17 489 700
	Finance management grant	823 843	978 348
	Municipal Infrastructure Grant	7 405 000	4 398 632
	Revenue enhancement grant	-	98 990
	Radium hydroponic grant	-	-
	Capital pound grant	-	-
	DME grant	1 000 000	-
	Housing grant	1 065 799	2 496 741
	DWAF grant	365 000	-
	Municipal Systems Improvement Grants	2 834 779	-
	Total Government Grants and Subsidies	**35 964 213**	**25 462 411**

16.1 Equitable share

In terms of the Constitution, the grant is used to subsidies the provision of free basic services to indigent community members. All registered indigents receive a monthly subsidy of 10 kl water,100 Kwh electricity and other fixed tariff services.

16.2 Finance Management Grant

Balance unspent at beginning of year	(478 348)	-
Current year receipts	1 000 000	500 000
Conditions met - transferred to income	(823 843)	(978 348)
Conditions still to be met - transferred to liabilities	**(302 191)**	**(478 348)**

The grant was utilised for the appointment of the financial interns and assist with the implementation of the MFMA. The conditions of the grant were met. No funds have been withheld.

16.3 IDP grant

Balance unspent at beginning of year	-	-
Current year receipts		
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	**-**	**-**

The grant was utilised for funding the IDP process. The conditions of the grant were met. There were no delay or withholding of the grant

16.4 Capacity building grant

Balance unspent at beginning of year	-	-
Current year receipts		
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	**-**	**-**

The grant was utilised to purchase equipment. The conditions of the grant were met.

		2 009	2 008
		R	R
16.5	**Revenue Enhancement grant**		
	Balance unspent at beginning of year	561 044	160 034
	Current year receipts	-	500 000
	Conditions met - transferred to income	-	(98 990)
	Conditions still to be met - transferred to liabilities		
		561 044	**561 044**
	The grant was utilised to provide support in the finance department. The conditions of the grant were met. No funds have been withheld.		
16.6	**Community based grant**		
	Balance unspent at beginning of year	921 087	921 087
	Current year receipts		-
	Conditions met - transferred to income	(921 087)	-
	Conditions still to be met - transferred to liabilities	**-**	**921 087**
16.7	**Radium Hydroponic grant**		
	Balance unspent at beginning of year	37 964	37 964
	Current year receipts		
	Conditions met - transferred to MIG	(37 964)	-
	Conditions still to be met - transferred to liabilities		
		-	**37 964**
	The grant was utilised to assist emerging farmers in a project in Radium. The conditions of the grant were met. No funds have been withheld.		
16.8	**Housing grants**		
	Balance unspent at beginning of year	4 742 499	6 239 242
	Balance Adjustment (See Note 6)		
	Current year receipts	-	1 000 000
	Conditions met - transferred to income	(1 065 798)	(2 496 743)
	Prior year adjustment	(2 870 728)	
	Conditions still to be met - transferred to liabilities	**805 973**	**4 742 499**
	The grant was utilised to construct RDP houses. The conditions of the grant were met. No funds have been withheld.		
16.9	**Cattle pound grant**		
	Balance unspent at beginning of year	364 300	364 300
	Current year receipts		
	Conditions met - transferred to income	-	-
	Conditions still to be met - transferred to liabilities	**364 300**	**364 300**
	The grant will be utilised to implement measures to ensure that cattle do not roam on the roads. The conditions of the grant were met. No funds have been withheld.		

		2 009	2 008
		R	R
16.10	**INEP**		
	Balance unspent at beginning of year	125 064	125 064
	Current year receipts		
	Conditions met - transferred to income	(125 064)	-
	Conditions still to be met - transferred to liabilities		
		-	**125 064**
	The grant was utilised for the installation of electrical infrastructure. The conditions of the grant were met. No funds have been withheld.		
16.11	**Municipal Infrastructure Grant**		
	Balance unspent at beginning of year	(135 807)	-
	Current year receipts	7 405 000	4 221 257
	Transfer from Radium Hydroponic grant	37 964	(71 262)
	Conditions met - transferred to capital expenses	(9 129 143)	(4 285 802)
		(1 821 987)	**(135 807)**
16.12	**Municipal Systems Improvement Grant**		
	Balance unspent at beginning of year	759 170	759 170
	Current year receipts	2 500 000	-
	Conditions met - transferred to income	(2 834 779)	-
	Conditions still to be met - transferred to liabilities	-	-
		424 391	**759 170**
16.13	**Vuna Awards**		
	Balance unspent at beginning of year	328 516	328 516
	Current year receipts	-	-
	Conditions met - transferred to income	(328 516)	-
	Conditions still to be met - transferred to liabilities	-	-
		-	**328 516**
16.14	**Project Management Grant**		
	Balance unspent at beginning of year	566 989	566 989
	Current year receipts	-	-
	Conditions met - transferred to income	-	-
	Conditions still to be met - transferred to liabilities	-	-
		566 989	**566 989**
16.15	**Department of Mineral and Energy grant**		
	Balance unspent at beginning of yea		
	Current year receipts	1 000 000	
	Conditions met - transferred to income		
	Conditions still to be met - transferred to liabilitie		
		1 000 000	

		2 009	2 008
		R	R
16.16	**Department of Water and Forestry grant**		
	Balance unspent at beginning of yea		
	Current year receipts	365 000	
	Conditions met - transferred to income		
	Conditions still to be met - transferred to liabilities		
		365 000	

17	**EMPLOYEE RELATED COSTS**		
	Employee related costs - Salaries and wages	27 838 438	24 749 232
	Employee related costs - Contributions for UIF, pensions and medical aids	6 653 235	5 706 554
	Travel and other allowances	1 613 274	2 635 763
	Overtime allowances	2 224 843	2 154 790
	Skills development levy	284 198	
	Total Employee Related Costs	**38 613 988**	**35 246 339**

There were no advances to employees.

17	**EMPLOYEE RELATED COSTS (CONTINUED)**		
	Remuneration of the Municipal Manager		
	Annual Remuneration	443 453	347 640
	Performance bonus		131 914
	Other allowances and council contributions	274 797	145 128
	Total	**718 250**	**624 682**
	Remuneration of the Chief Financial Officer		
	Annual Remuneration	381 499	291 864
	Performance bonus		123 750
	Other allowances and council contributions	318 501	99 287
	Total	**700 000**	**514 901**

Remuneration of Individual Managers	**30 June 2009**	**Social Services**	**Technical Services**	**Corporate Services**	**Town Planning**
Annual Remuneration		328 517	330 056	348 498	326 367
Travel allowance					
Council contributions		194 148	192 609	174 167	196 298
Total		**522 665**	**522 665**	**522 665**	**522 665**

Remuneration of Individual Managers	**30 June 2008**	**Social Services**	**Technical Services**	**Corporate Services**	**Town Planning**
Annual Remuneration		278 928	289 700	276 914	285 708
Travel allowance		83 024	118 250	120 000	120 000
Council contributions		114 363	84 113	80 060	85 254
Total		**476 315**	**492 063**	**476 974**	**490 962**

		2 009	2 008
		R	R
18	**REMUNERATION OF COUNCILLORS**		
	Mayor	534 681	481 696
	Chief Whip	405 007	364 872
	Speaker	430 942	388 236
	Mayoral Committee members	628 942	566 619
	Councillors	1 252 746	1 194 795
	Council's contributions	431 026	287 275
	Total Councillors Remuneration	**3 683 345**	**3 283 493**

In kind benefits

The Executive Mayor and Speaker are full time councillors. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

19	**INTEREST PAID**		
	Long-term liabilities	1 852 583	1 108 538
	Bank overdraft	-	353 891
	Total Interest on External Borrowings	**1 852 583**	**1 462 429**
20	**BULK PURCHASES**		
	Electricity	21 100 457	17 443 428
	Water	3 177 204	2 948 912
	Total Bulk Purchases	**24 277 661**	**20 392 341**
21	**GENERAL EXPENSES**		
	Local Economic Development	333 616	288 000
	Banking Cost	1 548 614	753 483
	Advertisement	345 128	-
	Computer License and Contracts	1 902 126	1 740 590
	Delegation Cost	327 591	225 382
	Meter Reading	601 279	1 149 108
	Workmen Compensation	303 799	1 317
	Legal Consultation	2 747 527	1 087 404
	Telephone Cost	1 054 243	621 849
	Risk and Assets Management	1 617 169	1 941 288
	Transport Cost	1 605 273	3 011 574
	Valuation Costs	321 543	1 256 939
	External Audit	1 387 249	1 084 242
	Capacity Building	169 198	351 303
	Uniform and Clothing	239 912	99 864
	Hire Charges Photo copiers	110 592	41 920
	Equitable Share Levy	1 002 224	3 233 598
	Contract services	2 129 615	214 460
	External Communication	221 659	99 512
	Community Outreached Programme	423 344	219 659
	Printing & Stationery	490 947	439 056
	Chemical	359 654	289 478
	Other Expenses	3 068 153	2 191 748
	Total General Costs	**22 310 456**	**20 341 774**

		2 009	2 008
		R	R
22	**CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP**		
	The changes have been made in 2007 and as such require no disclosure		
23	**CASH GENERATED FROM OPERATIONS**		
	Net surplus/(deficit) for the year	16 977 285	10 635 851
	Adjustment for: -		
	Depreciation	6 064 783	6 116 176
	Bad debt provision	18 551 235	(2 144 976)
	Movement in provision	276 652	-
	Interest paid	1 852 583	1 462 429
	Interest received	(6 534 446)	(6 843 990)
	Operating (deficit)/surplus before working capital changes	**37 188 092**	**9 225 490**
	(Increase) / decrease in consumer debtors	(17 561 349)	2 144 976
	(Increase) / decrease in other debtors	(2 408 273)	-
	Decrease / (increase) in inventory	187 326	-
	Increase in trade and other creditors	9 661 923	-
	(Decrease) / increase in unspent conditional grant	(5 838 284)	-
	Change in adjustment account (reserves)	-	-
	Cash generated by/(utilised in) operations	**21 229 435**	**11 370 466**
24	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:		
	Bank balance	419 525	2 194 016
	Petty cash	3 576	2 260
		423 100	**2 196 276**
25	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term liabilities - annuity loans (see note 2)	15 408 322	16 320 005
	Short term portion of annuity loans - payable within the next year	1 042 791	912 622
	Long term liabilities have been utilised in accordance with the Municipal Finance Management Act. The repayment terms will be met from income, with sufficient cash set aside for the repayment in next year's budget.		
	Asset replacement reserve	-	9 005 289
	Cash invested for replacement of assets (see note 12)	2 157 009	7 337 669
	Investments are kept to provide for the assets to be replaced as per council's resolution.		

		2 009	2 008
		R	R
26	**IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
	Reconciliation of fruitless and wasteful expenditure		
	Opening Balance	2 361 313	2 361 313
	Fruitless and wasteful expenditure current year		
	Condoned or written off by Council	-	-
	To be recovered - Contingent Asset	-	-
	Fruitless and wasteful expenditure awaiting condonement	**2 361 313**	**2 361 313**
	This expenditure arose from late payment of VAT		

		2 009	2 008
26	**ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT**		
26.1	**Contributions to organised local government**		
	Opening Balance		
	Council subscriptions		127 107
	Amount Paid - current year	-	(127 107)
	Balance unpaid	**-**	**-**
26.2	**Audit fees**		
	Opening balance		
	Current year audit fees	1 387 249	1 084 242
	Amount paid - current year	(1 387 249)	(1 084 242)
	Balance unpaid	**-**	**-**
26.3	**VAT**		
	VAT input receivables and VAT output receivables are shown in note 5. All VAT returns have been submitted by the due date throughout the year.		
26.4	**PAYE and UIF**		
	Opening Balance	-	483 410
	Current year payroll deductions	3 580 893	3 216 568
	Amount Paid - Current year	(3 580 893)	(3 699 978)
	Balance unpaid	**-**	**-**
26.5	**Pension and Medical Aid deductions**		
	Opening Balance	-	-
	Current year payroll deductions	6 797 172	7 756 801
	Amount Paid - Current year	(6 797 172)	(7 756 801)
	Balance unpaid	**-**	**-**

		2 009	2 008
		R	R
26.6	**Councillor's arrear consumer accounts**		
	Ledwaba VM	1 593	139
	Seleka GM	-	372
	Maloka FE	0	3 334
	Gravett D	-	726
	Mukhawana E	231	(369)
	Boikutso MR	95	14 195
	Boikutso SJ	-	(42)
	Makgoba RJ	823	59
	Kekana MP	80	(90)
	Moeletsi RZ	347	601
	Moeletsi RZ	3 408	2 123
	Moeletsi RZ	-	198
	Fourie J	0	-
	van der Merwe JF	-	-
	van der Merwe JFMP	-	-
	van der Merwe JFMP	3 685	816
	Radebe RM	108	1
	Radebe RM	2 303	(168)
		12 671	**21 896**
26.7	**Fraud case against employee**		
	Proved amount taken	948 052	
	Amount recovered from insurance	(882 000)	
	Outstanding amount not recoverec	**66 052**	
27	**REMUNERATION OF AUDIT COMMITTEE MEMBERS**		
	Remuneration	**37 389**	**87 574**
	3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses		
28	**COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	Approved and contracted	**18 720 320**	**10 126 360**
	The expenditure will be financed from:		
	-Operational vehicle leases - Absa (2 months)	236 304	
	-Operational vehicle leases - Debis (2 months)	74 630	
	-Operational office machines leases - Minolta (36 months)	270 084	
	-Operational office machines leases - Fintch (36 months)	559 355	
	- Landfill site (4 months)	619 630	
	-Retention money	316 489	
	- External Loans	15 537 884	7 337 669
	- MIG - infrastructure (storm water)	1 105 947	2 788 691
		18 720 320	**10 126 360**

		2 009	2 008
		R	R

29 RESTATEMENT OF COMPARATIVE INFORMATION

Provision for leave and bonusses have been reclassified as accruals. The effect of the restatement is summarised below:

Statement of Financial Position:

Provisions	2 563 461	2 518 385
Accruals - leave	(2 563 461)	(2 518 385)
	-	**-**

30 UNAUTHORISED AND IRREGULAR EXPENDITURE DISALLOWED

Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	-	-
Unauthorised expenditure current year	7 882 718	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**7 882 718**	**-**

Incident	Disciplinary steps/criminal proceedings
Unbudgeted expenditure	*Due to Depreciation accounted for (excluded in Directive 4).*

Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	-	-
Irregular expenditure current year	1 887 419	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	**1 887 419**	**-**

Incident	Disciplinary steps/criminal proceedings
Bank Overdraft	*Approval for condonement seeked from council*

31 EVENTS AFTER REPORTING DATE

Their were no events after reporting date.

		2 009	2 008
		R	R

32 PRIOR YEAR ERROR

1 CORRECTION OF ERROR

During the year ended 30 June 2006, Housing grant were paid directly intc the investment accounting 2006, the income were acknowledge from both the main bank and the investment account, thus duplicated.:

The comparative amount has been restated as follows:

Correction of Unspent conditional grant	2 870 729
Income	(2 870 729)
Net effect on surplus/(deficit) for the year	-
Assets	2 870 729
Liabilities	(2 870 729)
Net effect on Statement of Financial Position	-
Net effect on Accumulated surplus opening balance	2 870 729

2 During the year ended 30 June 2006, INEP project were expensed from the expenditure vote and as such were never accounted for in the unconditiona grants as conditions met transferred to income : ·

The comparative amount has been restated as follows:

Correction of Unspent conditional grant	125 064
Income	(125 064)
Net effect on surplus/(deficit) for the year	-
Assets	125 064
Liabilities	(125 064)
Net effect on Statement of Financial Position	-
Net effect on Accumulated surplus opening balance	125 064

3 During the year ended 30 June 2006, Vuna award achieved is not a conditional grant but were accounted for as one:

The comparative amount has been restated as follows:

Correction of Unspent conditional grant	328 516
Income	(328 516)
Net effect on surplus/(deficit) for the year	-
Assets	328 516
Liabilities	(328 516)
Net effect on Statement of Financial Position	-
Net effect on Accumulated surplus opening balance	328 516

4

During the year ended 30 June 2006, Community Based Grants were expensed from the expenditure vote and as such were never accounted for in the unconditional grants as conditions met transferred to income:

The comparative amount has been restated as follows:

Correction of Unspent conditional grant	921 087
Income	(921 087)
Net effect on surplus/(deficit) for the year	-
Assets	921 087
Liabilities	(921 087)
Net effect on Statement of Financial Position	-
Net effect on Accumulated surplus opening balance	921 087

		2 009	2 008
		R	R
5	During the year ended 30 June 2006, the radium project were reclassified tc MIG grants : -		
	The comparative amount has been restated as follows:		
	Reclassification of Unspent conditional gran	37 964	
	Reclassification of Unspent conditional gran	(37 964)	
	Net effect on surplus/(deficit) for the year	-	
	Assets	-	
	Liabilities	(37 964)	
	Net effect on Statement of Financial Position	(37 964)	
	Net effect on Accumulated surplus opening balance	-	
6	During the year ended 30 June 2008, There were no provision for Revenue cut-off : -		
	The comparative amount has been restated as follows:		
	Debtors	2 644 928	
	Income	(2 644 928)	
	Net effect on surplus/(deficit) for the year	-	
	Assets	2 644 928	
	Liabilities	(2 644 928)	
	Net effect on Statement of Financial Position	-	
	Net effect on Accumulated surplus opening balance	2 644 928	
7	During the year ended 30 June 2008, Un allocated reconciling items on the bank : -		
	The comparative amount has been restated as follows:		
	Other debtors	(131 719)	
	Income	131 719	
	Net effect on surplus/(deficit) for the year	-	
	Assets	(131 719)	
	Liabilities	131 719	
	Net effect on Statement of Financial Position	-	
	Net effect on Accumulated surplus opening balance	(131 719)	
8	During the year ended 30 June 2008, Vat Receivable received in the new year accrued: -		
	The comparative amount has been restated as follows:		
	Other debtors	1 460 291	
	Income	(1 460 291)	
	Net effect on surplus/(deficit) for the year	-	
	Assets	1 460 291	
	Liabilities	(1 460 291)	
	Net effect on Statement of Financial Position	-	
	Net effect on Accumulated surplus opening balance	1 460 291	

		2 009	2 008
		R	R
9	During the year ended 30 June 2008, Surplus on stores for 2006 were relocated to revenue: -		
	The comparative amount has been restated as follows:		
	Other Creditors		566 522
	Income		(566 522)
	Net effect on surplus/(deficit) for the year		-
	Assets		566 522
	Liabilities		(566 522)
	Net effect on Statement of Financial Position		-
	Net effect on Accumulated surplus opening balance		566 522

33 RISK MANAGEMENT

33.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows

ABSA - Current Account	3 576	2 260
ABSA - Investments	2 157 009	7 337 669
Interest rate swaps		
Financial guarantees	800 000	800 000
Trade and other receivables	16 445 102	15 026 715
	19 405 687	23 166 644

These balances represent the maximum exposure to credit risk
The municipality is exposed to a guarantee for the water account the guarantee is issued in favour of Magalies water

	2 009	2 008
	R	R

33.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2009	Not later than one month	Later than one month and not later than three months
Gross finance lease obligations		310 933
Borrowings	1 172 353	
Trade and other payables	7 494 920	
Other		316 489

2009	Later than three months and not later than one year	Later than one year and not later than five years
Gross finance lease obligations	1 449 068	
Borrowings		13 193 177
Trade and other payables		
Other		4 537 756

33.3 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits	2 157 009
- Inca Loan	13 289 173
	15 446 183

33.4 Other price risk

The major risk in the market is the Municipalities exposure to the Escom proposed tarriff hikes.

7 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2008	**41 593 687**	**47 518 250**	**23 589**	**5 114 360**	**94 249 886**
Cost	50 456 634	65 912 212	29 301	17 977 380	134 375 527
Adjustment after restatement on 30 June 2008	69 497.00	148 732	-	(218 229)	-
Accumulated Depreciation	(8 932 444)	(18 542 694)	(5 712)	(12 644 791)	(40 125 641)
Acquisitions	6 207 443	9 552 797	-	312 788	16 073 028
Assets Under Construction		1 371 053			1 371 053
Depreciation	(1 523 576)	(3 143 255)	(977)	(1 396 976)	(6 064 783)
Disposals				(57 477)	(57 477)
Carrying values at 30 June 2009	**46 277 555**	**55 298 846**	**22 612**	**3 972 695**	**105 571 707**
Cost	56 733 574	76 984 794	29 301	18 014 462	151 762 131
Accumulated Depreciation	(10 456 020)	(21 685 949)	(6 689)	(14 041 767)	(46 190 424)

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
Carrying values at 1 July 2007	**38 404 637**	**38 033 164**	**15 804**	**6 493 137**	**82 946 742**
Cost	45 949 475	53 573 150	20 616	17 412 966	116 956 207
Accumulated Depreciation	(7 544 838)	(15 539 986)	(4 812)	(10 919 829)	(34 009 465)
Acquisitions	473 715	12 339 062	8 685	564 414	13 385 876
Asset under construction	4 033 445	-			4 033 445
Depreciation	(1 387 606)	(3 002 708)	(900)	(1 724 962)	(6 116 176)
Carrying value of disposals				-	-
Cost					-
Accumulated depreciation					-
Carrying values at 30 June 2008	**41 524 191**	**47 369 518**	**23 589**	**5 332 589**	**94 249 887**
Cost	50 456 635	65 912 212	29 301	17 977 380	134 375 528
Accumulated Depreciation	(8 932 444)	(18 542 694)	(5 712)	(12 644 791)	(40 125 641)
			35 013		

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of been constructed.
The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and
An asset with a carrying value of R1 050 843 is held as security for a loan granted.

BELA BELA MUNICIPALITY

APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Interest rate	Loan Number	Redeemable	Balance at 2008/06/30	Transfers during the period	Received during the period	Redeemed written off during the period	Balance at 2009/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
ANNUITY LOANS										
INCA	14.80%	**BELA-00-0002**	June 2012	3 468 315			691 124	2 777 191		
INCA	10.49%	**BELA-00-0003**	June 2027	11 855 540	996 150		220 559	12 631 131		
INCA	13.00%	**BELA-00-0004**	June 2027	996 150	(996 150)			0		
Wesbank	16.40%	**NBP01143K**		0				0		
ABSA		**71830379**	Aug 2009	576 154			446 592	129 562		
Bankfin		**61892880**		0				0		
TOTAL EXTERNAL LOANS				**16 896 159**		**-**	**1 358 275**	**15 537 884**	**0**	**0**

APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation						Accumulated Depreciation					
	Opening Balance	Additions	Transfer	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer	Disposals	Closing Balance	Carrying Value
Land and Buildings												
Land	4 560 771	558 200	-	-		5 118 971	-	-		-	-	5 118 971
Buildings	45 895 864	5 649 243	-			51 545 107	8 932 444	1 523 577		-	10 456 021	41 089 087
Adjustment 2007	69 497					69 497					-	69 497
	50 526 132	**6 207 443**	**-**	**-**	**-**	**56 733 575**	**8 932 444**	**1 523 577**	**-**	**-**	**10 456 021**	**46 277 554**
Infrastructure												
Roads	11 134 139	5351806		1371053		17 856 999	1 673 667	1 002 325			2 675 992	15 181 007
Sewer	12 208 507	1912441				14 120 948	4 252 469	402 513			4 654 982	9 465 966
Water	23 548 537	2093182				25 641 719	5 940 999	891 677			6 832 676	18 809 043
Electricity	19 021 029	195368				19 216 397	6 675 559	846 740			7 522 299	11 694 098
Adjustment 2007	148 732					148 732					-	148 732
Total Infrastructure	**66 060 944**	**9 552 797**	**-**	**1 371 053**	**-**	**76 984 795**	**18 542 694**	**3 143 256**	**-**	**-**	**21 685 950**	**55 298 845**
Community Assets												
Civic buildings	29 301	-				29 301	5 712	977			6 689	22 612
Total Community Assets	**29 301**	**-**	**-**	**-**	**-**	**29 301**	**5 712**	**977**	**-**	**-**	**6 689**	**22 612**
Other Assets												
Motor Vehicles	8 529 990				57 477	8 472 513	6 615 296	523 781			7 139 077	1 333 436
Office Equipment	2 963 632	92 076				3 055 708	1 334 467	487 084			1 821 552	1 234 157
Furniture and Fittings	1 599 737					1 599 737	848 433	151 318			999 750	599 987
Machinery	4 884 021	220 712				5 104 733	3 846 595	234 794			4 081 389	1 023 344
Adjustment 2007	(218 229)					(218 229)					-	(218 229)
Total other Assets	**17 759 151**	**312 788**	**-**	**-**	**57 477**	**18 014 462**	**12 644 791**	**1 396 976**	**-**	**-**	**14 041 768**	**3 972 695**
TOTAL	**134 375 528**	**16 073 028**	**-**	**1 371 053**	**57 477**	**151 762 133**	**40 125 641**	**6 064 785**	**-**	**-**	**46 190 426**	**105 571 707**

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	880 980		-	-	880 980	582 046	299 113	-	881 159	(179)
Finance & Admin	3 561 661	65 856	-	-	3 627 517	1 288 935	324 444	-	1 613 379	2 014 138
Planning & Development	45 883 571	6 136 098	-	-	52 019 669	9 260 324	1 382 969	-	10 643 293	41 376 376
Health	195 438		-	-	195 438	195 461	3 410	-	198 871	(3 433)
Community & Social services	866 886	290 045	-	-	1 156 931	400 452	78 969	-	479 421	677 510
Public Safety	696 104		-	-	696 104	323 839	86 352	-	410 191	285 913
Sport & Recreation	329 490		-	-	329 490	63 032	54 308	-	117 340	212 150
Environmental Protection	-		-	-	-	-	-	-	-	-
Waste Management	895 416		-	-	895 416	516 513	78 881	-	595 394	300 022
Waste Water Management	12 440 879	1 912 441	-	-	14 353 320	4 310 286	417 331	-	4 727 617	9 625 703
Road Transport	20 644 754	5 351 806	1 371 053	56 767	27 310 847	5 787 716	1 407 409	-	7 195 125	20 115 723
Water	26 553 728	2 093 182			28 646 910	8 857 489	914 696	-	9 772 185	18 874 725
Electricity	21 426 621	223 600	-	712	21 649 509	8 539 548	1 016 900	-	9 556 448	12 093 061
Other										
TOTAL	**134 375 528**	**16 073 028**	**1 371 053**	**57 478**	**151 762 131**	**40 125 641**	**6 064 783**	**-**	**46 190 424**	**105 571 707**

APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus / (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus / (Deficit) R
-	8 691 545	(8 691 545)	Executive & Council	-	6 315 805	(6 315 805)
46 017 168	23 082 178	22 934 990	Finance & Admin	61 865 998	37 800 478	24 065 520
483 894	2 496 020	(2 012 125)	Planning & Development	1 245 561	5 018 319	(3 772 758)
-	1 819 041	(1 819 041)	Health	-	1 739 300	(1 739 300)
3 198 955	3 747 705	(548 751)	Community & Social services	8 925 895	11 539 424	(2 613 529)
8 292 798	2 366 980	5 925 818	Public Safety	811 050	2 419 583	(1 608 533)
22 518	905 688	(883 170)	Sport & Recreation	12 969	1 075 396	(1 062 427)
-	-	-	Environmental Protection	-	-	-
4 304 774	2 882 450	1 422 324	Waste Management	5 212 392	3 789 740	1 422 652
4 265 862	3 371 231	894 631	Waste Water Management	4 522 548	2 105 942	2 416 606
-	7 170 308	(7 170 308)	Road Transport	9 243 876	6 928 802	2 315 074
6 805 947	8 417 324	(1 611 377)	Water	9 178 616	10 668 228	(1 489 612)
25 658 889	23 464 483	2 194 405	Electricity	36 482 812	28 734 609	7 748 203
-	-		Other	47 659	2 436 464	(2 388 805)
99 050 805	**88 414 954**	**10 635 851**	**TOTAL**	**137 549 376**	**120 572 090**	**16 977 286**
			Less Inter-Department Charges			
99 050 805	**88 414 954**	**10 635 851**	**TOTAL**	**137 549 376**	**120 572 090**	**16 977 286**

UNAUDITED INFORMATION - APPENDIX E(1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 Actual	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE		R	R	R	%	
Property rates		27 788 584	35 000 000	(7 211 416)	(21)	Calculation impact of policy changes.
Property rates - penalties imposed and collection charges		222 638	-	222 638	-	
Service charges		53 327 578	47 000 000	6 327 578	13	
Rental of facilities and equipment	32	(154 121)	300 000	(454 121)	(151)	Prior year error corrected
Interest earned - external		456 009	200 000	256 009	-	
Interest earned - outstanding debtors		6 078 437	1 000 000	5 078 437	508	Budget incorrectly discounted bad debts
Fines		811 050	2 659 650	(1 848 600)	(70)	Optimistic budget not realized
Licences and permits		8 828 335	400 000	8 428 335	2 107	Revenue incorrectly budgeted for.
Government grants and subsidies		35 964 213	26 030 393	9 933 820	38	Estimated Dora differs from actual
Other income		4 226 654	15 084 589	(10 857 935)	(72)	
Public contributions and donations		-	-			
Total Revenue		**137 549 376**	**127 674 632**	**9 874 744**	8	
EXPENDITURE						
Employee related costs		38 613 988	40 019 605	(1 405 617)	(4)	
Remuneration of councillors		3 683 345	3 508 621	174 724	5	
Bad debts		18 551 235	1 000 000	17 551 235		
Depreciation		6 064 783	5 175 226	889 557		
Repairs & Maintenance		5 218 040	5 727 052	(509 012)	(9)	
Interest paid		1 852 583	5 568 722	(3 716 139)	(67)	stringent bank account management prevented the use of instruments
Bulk purchases		24 277 661	25 573 658	(1 295 997)	(5)	
Contracted services		-	7 623 160	(7 623 160)		
General expenses		22 310 456	8 142 601	14 167 855	174	Previously included Grant expenditure
Leave Provision		-	475 984	(475 984)	(100)	
Contribution to capital		-		-		
Total Expenditure		**120 572 091**	**102 814 629**	**17 757 462**	17	
NET SURPLUS/(DEFICIT) FOR THE YEAR		**16 977 285**	**24 860 003**	**(7 882 718)**	(32)	

UNAUDITED INFORMATION - APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Revaluation	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R		R	R	R	%	
Land and Buildings								
Land	558 200			558 200	-	558 200		
Buildings	5 649 243			5 649 243	7 337 669	(1 688 426)	(23)	
	6 207 443	**0**	**0**	**6 207 443**	**7 337 669**	**-1 130 226**	(15)	
Infrastructure								
Roads	5 351 806	1 371 053		6 722 860	8 902 102	(2 179 242)	(24)	
Sewer	1 912 441			1 912 441	2 180 000			
Water	2 093 182	-		2 093 182	3 088 691	(995 509)	(32)	
Electricity	195 368			195 368	800 000	(604 632)	(76)	
	9 552 797 #	**1 371 053**	**0**	**10 923 850**	**14 970 793**	**-4 046 943**	(27)	
Community Assets								
Civic buildings				-		-	100	
Libraries								
Recreational Centres	0			-				
	0	**0**	**0**	**0**	**0**	**0**	100	
Other Assets								
Motor Vehicles				-		-		
Office Equipment	92 076			92 076	-	92 076	0.00	
Furniture and Fittings				-		-	0.00	
Machinery	220 712			220 712	640 000	(419 288)	(65.51)	
	312 788	**0**	**0**	**312 788 #**	**640 000**	**- 327 212**	(51.13)	
TOTAL	**16 073 028**	**1 371 053**	**-**	**17 444 081**	**22 948 462**	**(5 504 381)**	-23.99	

APPENDIX F
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECT. 123 OF MFMA, 56 OF 2007

GRANT AND SUBSIDIES RECEIVED FOR THE YEAR ENDED 30 JUNE 2009

Name of Grants	Name of organ of state or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Reason for delay/withholding of funds
		1st Quarter	2nd Quarter	3rd Quarter	4thy Quarter	Total	1st Quarter	2nd Quarter	3rd Quarter	4thy Quarter	Total	
Equitable share	Bela Bela Municipality	7 173 042	5 379 782	9 916 968	-	**22 469 792**	36 758	289 986	134 104	386 070	**846 918**	
Housing	Bela Bela Municipality	-	-	-	-	**-**	46 370	153 223	123 603	742 603	**1 065 799**	
Municipal systems improvement	Bela Bela Municipality	2 500 000	-	-	-	**2 500 000**	217 986	292 670	1 840 431	483 691	**2 834 779**	
Finance management grant	Bela Bela Municipality	-	1 000 000	-	-	**1 000 000**	138 169	31 898	579 895	73 881	**823 843**	
Revenue enhancement grant	Bela Bela Municipality	-	-	-	-	**-**	-	-	-	-	**-**	
Municipal infrastructure grant	Bela Bela Municipality	800 000	3 220 000	2 635 000	750 000	**7 405 000**	2 195 776	1 166 640	2 029 313	3 746 737	**9 138 466**	
Department of mineral & energy	Bela Bela Municipality	-	-	-	1 000 000	**1 000 000**	-	-	-	-	**-**	
DWAF grant	Bela Bela Municipality	-	-	300 000	65 000	**365 000**	-	-	-	-	**-**	
	TOTAL	**10 473 042**	**9 599 782**	**12 851 968**	**1 815 000**	**34 739 792**	**2 635 059**	**1 934 417**	**4 707 345**	**5 432 983**	**14 709 805**	